

MINUTES
Policemen's Pension and Trust Relief Fund
Thursday, October 8, 2009
9:00 a.m.

On Thursday, October 8, 2009 at 9:00 a.m., a meeting of the Board of Trustees of the Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities Conference Room at City Hall.

PRESENT:	Bruce Moore	Chairman
	Farris Hensley	Secretary
	Sara Lenehan	Treasurer
	Lee Harrod	Member
	Brad Furlow	Member
	Mike Lowery	Member

ABSENT:	David Rowan	Member
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Also present were Mr. Alex Jordan, Mr. Larry Middleton, and Mr. Bo Brister, Stephens Capital Management Financial Consultants for the Fund, Mr. John Peace, Dover Dixon Horne Law Firm Legal Consultants for the Fund, Mr. Roger Smith, Government Relation Lobbyist for the Fund, Mr. Dwight Morrow and Mr. Steve Young, Retired Members of the Fund, Mr. Ron Stobaugh and Mr. Ben Hawkins, Retired Russellville Police Officers, and Mrs. Kathy Lindsey, Pension Fund Administrative Staff.

Mr. Moore called the meeting to order at approximately 9:03 a.m., certifying that a quorum of the Board was present and that the media had been properly notified in a letter dated October 1, 2009 to the Arkansas Democrat Gazette.

Copies of the September minutes had previously been submitted to Board members, and following their review Mrs. Lenehan asked that an amendment be made on page three (3), paragraph three (3), line eight (8) to read as: "approximately \$8,000,000 *on a net present value basis* over a thirty (30) year period". Also on line ten (10) of the same paragraph to read as: "annually over a fifteen (15) year period, and would ultimately result in approximately \$15,000,000 *net present value basis* cost to the City over a thirty (30) year period". Mr. Harrod made a motion to approve the amended minutes. Mr. Furlow seconded the motion and it passed unanimously.

Mr. Middleton, Mr. Jordan and Mr. Brister gave the September 2009 financial report and said that on September 30, 2009 the market value of the total Fund was \$48,279,353, including accrued income of \$65,321 and \$24,695,144.09 allocated to DROP accounts. This represents an increase in the account balance of \$424,783 since August 31, 2009. The components of this change were income of \$93,698 and net contributions/withdrawals of (\$698,581). Additionally, \$860,345.91 was held in the Metropolitan Checking Account. The Funds overall market rate of return for the month of August 2009 was 2.31% and 7.96% calendar year to date.

Mr. Smith reported that he had recently attended a meeting sponsored by the Arkansas Firefighters Association. Also present at the meeting were mayors from larger cities, discussing the issue regarding State Insurance Premium Tax funding distributions. He (Mr. Smith) explained that

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because insurance premium tax is such a vital source of funding for the Police Pension Fund, he would also be attending a future meeting regarding the same issue.

Mr. Smith told the Board that he would be meeting with Mr. Jody Carreiro later during the month to discuss an upcoming presentation to the Little Rock Board of Directors, scheduled for their Agenda meeting on November 24, 2009 at 4:00 p.m. Both Mr. Smith and Mr. Carreiro are scheduled to address the City Board during the upcoming presentation. Although the presentation will be addressing the broader issue of overall funding for the Pension Fund, it will more specifically be addressing the issue of \$460,531.00 in unpaid probation fees and a potential State Retirement System (LOPFI) consolidation with a three percent (3%) annual cost of living adjustment (COLA), verses with no annual COLA.

During a lengthy discussion, Mr. Hensley told the Board that he would be supportive of a LOPFI consolidation only if it included a three percent (3%) COLA. He stated because the 2009 annual City Budget is approximately \$200,000,000, it is not a question of the City having the money for a consolidation, but rather an issue of funding priorities. He gave an example of approximately \$200,000 spent by the City of Little Rock in 2009 to ensure that the homeless in Little Rock have health, mental, and psychiatric care, but said that the City does not provide the same level of care to their retired members of the Fund. He addressed the matter of the previously referenced unpaid probation fees and said that it must be paid to the Pension Fund.

Mr. Harrod told the Board that he was also in favor of a LOPFI consolidation, only if it included the previously referenced COLA, and said that the City must pay the Pension Fund all unpaid probation fees. He gave examples of spending in the 2009 City Budget such as, \$353,000 appropriated for Trails in the Heights and \$600,000 for the Zoo Penguin Expedition.

Mr. Lowery told the Board that he had not determined what position to take concerning the LOPFI consolidation, and was waiting for more input from members of the Fund.

Mr. Moore told the Board that some City Budget expenditures are from bond issues and can only be used for capital projects. He expressed concern about the economic downturn, the serious issues facing the City budget and related budget cuts. He said that the City Board of Directors may not be receptive to consolidation at this time because they just do not have the funds available. Regarding the previously referenced unpaid probation fees, Mr. Moore said that when the economy rebounds, he would be willing to recommend a plan to pay the money.

Mr. Peace reported concerning the benefit increase lawsuit, and said that they are waiting for the Judge to determine if a formal hearing will be conducted or if a ruling will be made based on legal briefs that have been filed.

Mr. Peace also reported concerning the Age 70½ rule. He said the Internal Revenue Service (IRS) recently issued a notice regarding a ruling and that the Pension Fund would not be in violation of the rule if the Fund notifies the member of the requirement to withdraw the minimum amount established by IRS regulations when someone reaches age 70½. He said that if the member does not make the required withdrawal, the Pension Administrative office must then make the distribution and withhold required taxes. The first year distribution is to be made by April 15th of the year following the

year in which the participant attained age 70½. Distributions for all future years must be taken by December 31st of that year. Mr. Peace told the Board that he would prepare a written legal opinion regarding the matter for the Pension Administrative Office.

The matter regarding distribution of premium insurance tax funding to larger cities was tabled until November.

Mrs. Lenehan submitted copies of the un-audited financial report for August and September 2009. Losses to the plan year-to-date through September 30, 2009 were (\$1,307,554). The report indicated that as of September 30, 2009, the total account fund balance including the DROP was approximately \$49,068,589. The net over-all gain for the month of September was \$548,611.

Also submitted were copies of the August and September 2009 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$2,151 for the month of August and \$2,083.11 for the month of September. Total expenditures through September 30, 2009 were \$27,396.73. Legal fees paid were \$37,874.82 year to date through September 2009.

Following review of the August and September financial and expense reports, Mr. Hensley made a motion to approve them as submitted. Mr. Furlow seconded the motion and it passed unanimously.

Updated Procedure Manuals were made available to all Board Members.

At approximately 10:35 a.m., Mr. Moore called for a five (5) minute break.

Mr. Moore called the meeting back to order at approximately 10:45 a.m.

Matters concerning the previously approved fifty dollar (\$50.00) benefit increase, distribution of annual police supplement pay, scheduled review of legal providers, financial providers, and governmental relations providers were all tabled until November.

Mr. Peace was asked to review a legal issue relating to the Board's ability to exercise an executive session privilege when dealing with professional service provider matters. Mr. Peace will research the matter and respond in writing prior to the November meeting.

Mr. Hensley made a motion to approve the retirement application of Mr. Randall Beers, effective September 15, 2009 in the monthly amount of \$2,041.32; to remove from the pension roll Mr. Johnnie Swaims, who passed away on September 2, 2009, Mr. Joe Thomas passed September 3, 2009, Mr. Walter Mikoleit passed September 13, 2009; to approve a \$6,500 death benefit for each of the respective members; for the Board's condolences to be extended to each of the families; and to approve widow pension benefits for Ms. Bettie Swaims in the monthly amount of \$2,031.33, Ms. Anne Thomas in the monthly amount of \$2,058.54, and Ms. Marilyn Mikoleit in the monthly amount of \$2,042.03. Mr. Harrod seconded the motion and it passed unanimously.

Mr. Hensley informed the Board that the Police Pension Website is now operational and can be accessed at <http://littlerockpolicepensionnews.com>. He said that the website has already proven to be a valuable asset to the Police Pension Fund and its members by providing yet another very efficient

means of communications. He explained that members of the Fund should be very grateful to Mr. Steve Young who had spent many hours of his personnel time setting up the web site and maintaining it on an ongoing basis.

Mr. Young addressed the Board and said that the website is already receiving approximately fifty (50) to one hundred (100) "hits" per day. He explained that the reason for the website is to allow Pension Fund Members and the public access to information about the Police Pension Fund. He also said that an upcoming feature is a "chat room" that will be conducted every Monday following a pension board meeting and that the access password will be lrpdp.

Mrs. Lindsey informed the Board that Ms. Eddeane Garrett had not made her August, September and October payments and the Court's probation officer had asked her (Mrs. Lindsey) how the Pension Board wanted them to proceed concerning the matter. Following a brief discussion, Mr. Hensley made a motion for Mr. Lowery to contact the probation officer and request on behalf of the Pension Board that Ms. Garrett be held in contempt of court. Mr. Harrod seconded the motion and it passed unanimously.

Upon conclusion of Pension Board business, Mr. Hensley made a motion to adjourn the meeting. Mr. Harrod seconded the motion, and meeting adjourned at approximately 11:21 a.m.

Respectfully Submitted,

Farris Hensley
Board Secretary